



**REQUEST FOR PROPOSALS  
TOWN OF DAMARISCOTTA  
FINANCIAL SERVICES**

**PART 1 – PROPOSAL REQUIREMENTS**

The Town of Damariscotta (Town) is seeking proposals from financial institutions able to deliver a wide array of products and services to meet the Town’s cash, business transaction, depository, and investment needs. The Town’s annual tax commitment is approximately \$7,600,000. Our average monthly balance for calendar year 2024 was \$5,505,000 and our end of year cash balance was approximately \$5,250,000.

**VOLUME**

1. General Operating accounts	1
2. Number of Deposits	223
3. Average number of items per deposit	17
4. Number of Checks Issued	1,178
5. Number of ACH payments/Direct Deposits	454

**I. GENERAL**

The Town is seeking competitive proposals for various depository, finance management and investment services. It is the Town’s goal to receive accurate, timely depository and account maintenance services, maximize the utilization of idle funds, receive sound investment and financial service advice, and to accomplish these goals at the lowest possible cost.

A financial institution, hereafter referred to as “institution,” submitting a proposal must:

- be a Federal or Maine chartered Bank or Credit Union,
- operate a branch in the Damariscotta/Midcoast area,
- be capable of servicing the Town’s multiple accounts, and
- be a member of the FDIC or NCUA.

The institution must be in compliance with all laws, rules, regulations, and ordinances of the United States, the State of Maine, and the Town at the time of submittal of a proposal for financial services and, if its proposal is accepted, remain in compliance for its duration.

The institution also must have adequate organization, facilities, equipment, technology, and personnel to insure prompt and efficient service to the Town.

#### **A. Changes to Proposal**

The institution **MUST** indicate any variances from these specifications, terms and/or conditions, no matter how slight. If variations are not stated or referenced in writing prior to the final proposal, it will be assumed that the proposal fully complies with the terms, conditions, and specifications.

#### **B. Agreement Period**

The agreement will be for a period of three (3) years and may be extended at the discretion of the Town. The agreement's starting date will be on or before **March 24, 2025**, unless another date is determined by the Town to be more practical.

#### **C. Modifications and Amendments**

During the period of the contract, or any extension thereof, the Town reserves the right to renegotiate with the institution such additions, deletions, or modifications as may be required by law or circumstance. However, no increase in quoted prices will be permitted and no additional charges shall be added to items or services in the original proposal that remain unchanged.

A person legally authorized to bind the institution to a contract shall sign each proposal.

#### **D. Cancellation of Contract**

By notification: Either party may terminate the contract upon giving written notice of at least six (6) months.

For cause: In the event of breach of the contract by the institution or unsatisfactory performance as determined by the Town Manager or his/her designee, or if the institution performs in a manner that precludes the Town from administering its functions in an effective manner and if, after thirty (30) days following written notice thereof, the institution has been unable to remedy such breach, or provide satisfactory performance, then the Town, with

approval of the Town Manager, or his/her designee shall upon written notice to the institution, be authorized to cancel this contract by giving a maximum of thirty (30) days as the final termination date of the contract. Under extraordinary circumstances the Town may terminate the contract within less than thirty (30) days

## II. SCOPE OF SERVICES

### A. Accounts

1. **General Fund** - The account in which all daily deposits will flow. The institution will assist the Town in transacting general banking services using computers located in Town offices. At a minimum these services should include ACH, balance inquiry, transaction inquiry, wire transfers, transfer of payroll for direct deposit to other financial institutions, internal transfers between accounts, stop payments, transfers between the Town and other financial institutions, and credit and debit search capability. The wire transfer function will allow both pre-formatted (repetitive) and free-form (non-repetitive) wire transfers. Only authorized personnel, assigned by the Town Manager or his/her designee(s) will have access to on-line banking services. The Town will not accept proposals that require fees for maintenance, processing of transactions, statements, wire transfers, stop payments, bounced checks, or other services related to this account.
2. **Enterprise Accounts** – The Town has multiple Enterprise Accounts which are generally used less frequently and have been designated for specific purposes. The same services available for the General Fund Account will also be expected for the Enterprise Accounts.
3. **Short-Term Investments** –
  - a. The institution will invest all funds in excess of the target balance in an automatic overnight **Sweep Investment Account**. Investments may be collateralized through a repurchase agreement or other instrument that shall include treasury bills, variable market rate accounts or other investments, subject to the Town's approval, to earn the highest available interest. The institution will provide the Town with periodic reports on the amount of funds transferred each day at intervals specified in the proposal narrative. Investment returns and applicable rates or fees related to the investment services must be specified in the proposal narrative and clearly identified on the Proposal form. Investment returns must be based on an easily recognizable and published index such as the Secured Overnight Financing Rate (SOFR) plus or minus   x   percent.
  - b. **Activity or club accounts** may be established by the Town to manage funds that are outside of general Town operations. These are interest-bearing or overnight investment accounts for which the maximum possible return is expected.

- c. **Certificate of Deposits** – The Town may wish to utilize this short-term investment option and would seek to secure the maximum in returns on funds maintained in reserves, trusts, endowments, and/or other assets under the Town’s jurisdiction. Terms should be based on 6-, 12-, and 18-month terms.

## **B. Investment Agreement**

The institution’s accepted response to this RFP shall become the operating agreement for all investments, both short and long term. The proposal narrative will describe the form and frequency of reports documenting compliance with the agreement.

## **C. Deposits**

The institution will provide the Town a wide variety of options for depository services including, but not limited to, branch locations, night deposits, ACH deposits, electronic check capture and other forms of manual and electronic deposits that are available to ensure that Town receipts are received and credited on a timely basis. Deposits of both cash and checks will originate from a location indicated on page 1 of the Request for Proposal. The specific forms of depository services available, a description of policies and procedures for verifying night deposits, limitations such as cut-off times for electronic capture, etc. as well as any fees associated with each of the services will be specified in the proposal narrative and clearly identified on the proposal form.

## **D. On-Line Banking**

The institution will provide the Town with the capacity to manage accounts, make deposits, transfer funds, trace transactions, determine balances, and other services more fully described in General Fund above. The proposal narrative will describe the institutions electronic banking capabilities, how it will provide the Town with the required hardware and software, and security capabilities including establishing multiple security levels.

## **E. Cash Flow Management Services**

1. **Line of Credit Cash Advance** – The Town may require a line of credit to meet short term cash needs from time to time. Interest rates, a description of how rates are calculated, and applicable fees, if any, must be specified in the proposal narrative and clearly identified on the proposal form.
2. **Tax Anticipation Financing** - The Town may issue Tax Anticipation Notes to finance operations or fund capital improvements. The proposal narrative will explain how the financing would be arranged and structured and if the services of external bond counsel will be required. Interest rates, terms, and applicable fees, if any, must be specified in the proposal narrative and clearly identified on the proposal form.

## **F. Electronic Banking Services**

The Town anticipates that it will be making significant use of electronic banking services including electronic direct deposit of payroll, ACH payments, and wire transfers. The proposal narrative will describe the institution's capability of transferring payroll deposits to several institutions, the cut-off day and time of the deposit data to transfer funds to employee accounts, and the fees, if any that will be charged by the institution to provide this service. The same information is required regarding any electronic wire or ACH transfer.

## **G. Other Required Services**

1. **Fraud Prevention** – Describe the institution's capacity to provide fraud prevention products including but not limited to ACH block or filtering, electronic debit block, and other technology and services to protect Town funds.
2. **Stop Payments** – Stop payments will be issued to the institution by telephone or electronically. Upon receipt of the order by telephone, the institution will immediately examine their records and inform the Town as to whether the check has been cashed. The institution will forward a written confirmation of the Stop Payment order signed and dated by an authorized official within three (3) working days. If the institution finds that the check has been cashed, the institution will immediately forward the Town a copy of the cashed instrument. The cancellation of a Stop Payment order will be processed as above. The institution shall be responsible for any item cashed if said item was confirmed as a Stop Payment on an as-of-day basis and is subsequently cashed by the institution.
3. **Deposit Return Items** – The institution will make three attempts to present again any deposited checks returned because of insufficient or un-cleared funds. Checks that are still "un-collectible" after this attempt will be returned to the Town for processing.
4. **Overdraft Protection** – The Town makes every effort to assure that collected funds in the Institution are equal to or exceed the amount of checks issued. However, if an unintentional overdraft condition occurs, all checks presented for payment shall be paid with no overdraft fee/fine imposed.

## **H. Statements**

Monthly account statements will be processed on the last business day of the month and sent to the Town no later than the 10<sup>th</sup> day of the following month. The monthly statements shall include analysis reports for each account showing all activity. Paid checks shall be listed on the statement in numerical order. Check images must be provided with the statement. A check

reconciliation file must be available for download in a format suitable for Town purposes each month. The file format must meet the requirements of our check reconciliation software.

#### **I. Account Services**

1. The institution will provide the Town with a monthly analysis of each account showing:
  - a. The number of checks processed.
  - b. The number of checks paid.
  - c. The number of deposits (cash and checks)
  - d. The average monthly collection balance
  - e. All other charges and credits
2. The Town may from time to time ask for special reports or changes to these reports as outlined above to conform with the needs of the Town.

#### **J. Miscellaneous Services**

1. The institution shall supply the Town with various supplies such as deposit tickets, coin wrappers, bill bands, coin bag seals, coin envelopes, rubber deposit stamps and disposable deposit bags (not clear ones) at no cost.
2. An institution may submit optional proposals for other services that the institution feels would be in the best interest of the Town. Any optional service proposal will be considered separately from the basic service proposal.
3. The institution shall assign a **designated account representative** of sufficient rank at the institution that is available to the Town Manager or his/her designee by **direct telephone line and/or e-mail access** to discuss account problems and offer financial and investment advice.
4. The institution must have the ability to process payroll ACH files.
5. The institution must have a night deposit service.

## K. Federal Insurance

All accounts and investments must be insured through FDIC or NCUA and supplemented by private deposit insurance for amounts in excess of Federal government backed insurance limits. Investments may be collateralized through a repurchase agreement backed by the securities of an appropriate government agency or other instrument of appropriate risk for investing municipal funds. Proposals must state the maximum of funds that are federally insured and provide the source and limits of private deposit insurance.

## L. Additional Deposit Insurance

If cumulative balances of the Town accounts exceed the FDIC or NCUA limits, the institution will purchase additional insurance at no cost to the Town.

## IV. PROPOSAL TERMS AND CONDITIONS

- A. Institutions must provide a **Proposal Narrative** addressing all specifications, qualifications of key personnel, evidence of experience providing financial services to other institutional, municipal, or public entities. Institutions are encouraged to identify additional services that would provide the Town with added value and efficiencies. The **Proposal Form** must be filled out entirely. If items do not apply, clearly mark "N/A".
- B. **All quoted rates and fees**, whether determined based upon the policies and discretion of the institution, or based upon market conditions, will be quoted as those in effect as of **9:00 A.M. on, Thursday, February 6, 2025**.
- C. **Increases in fees** quoted will be limited to annual increases at the anniversary date of the contract, not to exceed the consumer price index (United States National) for the twelve-month period immediately preceding the contract anniversary date.
- D. Proposals will be evaluated and selected based on the following criteria (not listed in order of priority):
  - a. The ability of the institution to provide a **full range of quality services**, the background and qualifications of institution's **officers who will be servicing** the Town's accounts, references, and the overall quality of the proposal submission.
  - b. The degree to which the proposal submitted **meets the above specifications** and responds to the proposal questions in a manner most favorable to the Town.
  - c. Evidence of a strong **return on investments** and **minimum fee charges** relative to other institutions submitting proposals.
  - d. Capacity to provide comprehensive electronic banking services with no fees.
  - e. Evidence the institution is a **sound institution**.
  - f. Ability to provide the Town's depository and account **service needs in an efficient and convenient manner**.

The Town reserves the right to waive all formalities and reject any and all proposals when it is in the best interest of the Town to do so. The Town reserves the right to choose the provider that best suits the interests of the Town, which may not be the provider with the lowest fees.

## **V. RESPONSE PROCEDURE**

Only one proposal may be submitted by any institution. Information contained in the submitted material will become a public record.

**One original and six copies of complete written proposals shall be submitted in envelopes plainly marked “Proposal for Financial Services” to Treasurer at 21 School St, Damariscotta, ME 04543, no later than 3:00 P.M. on Tuesday, February 11, 2025, at which time they will be publicly opened and read.**

Timely delivery is the sole responsibility of the institution. Proposals received after the date/time stated above will be returned to the sender, unopened. The Town will not pay for any costs incurred by any institution in the preparation or submission of a proposal.

It is anticipated that an institution will be selected on **February 19, 2025**. Following notification of the institution selected, it is expected that a contract will be executed between both parties **within four weeks**, unless it is mutually agreed to change this timeframe.

## **VI. INQUIRIES**

Institutions requiring significant further information concerning the proposal, specifications, or terms, must submit specific questions in writing to the Treasurer at [cpinkham@damariscottame.com](mailto:cpinkham@damariscottame.com) no later than January 16, 2025. A written response, if provided, will be forwarded to all institutions on file as being in receipt of this proposal. Institutions requesting a proposal package should transmit an e-mail to the above address so that they are accurately set up in a contacts file. Other inquiries concerning the request for proposals must be made to:

Cheryl Pinkham  
Treasurer  
Town of Damariscotta  
21 School St  
Damariscotta, ME 04543  
Telephone: 207-563-5168  
[cpinkham@damariscottame.com](mailto:cpinkham@damariscottame.com)

## PART II – PROPOSAL FORM

Form must be completed entirely. If requested information is not applicable, enter "N/A".

**All rates and fees quoted are those in effect as of 9:00 A.M. on Thursday, February 6, 2025.**

Institution Name: \_\_\_\_\_

Address: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Tel: \_\_\_\_\_ ext. \_\_\_\_\_

E-mail: \_\_\_\_\_

Member FDIC or NCUA: FDIC: \_\_\_\_\_ NCUA: \_\_\_\_\_

### Accounts:

**General Fund:** Transaction/Processing Fees? \_\_\_\_\_ Yes \_\_\_\_\_ No

If yes, explain in a separate attachment.

### Town Payroll and Electronic Funds Transfer ZBA Accounts:

Transaction/Processing Fees? \_\_\_\_\_ Yes \_\_\_\_\_ No

If yes, explain in a separate attachment.

### Sweep Investment Account:

Fee Structure: \_\_\_\_\_

Expected Return: \_\_\_\_\_ Index: \_\_\_\_\_

### Activity/Club Accounts:

Fee Structure: \_\_\_\_\_

Expected Return: \_\_\_\_\_ Index: \_\_\_\_\_

### Certificate of Deposit:

Fee Structure: \_\_\_\_\_

Expected Return (6 mos): \_\_\_\_\_ Rate: \_\_\_\_\_ APY: \_\_\_\_\_

Expected Return (12 mos): \_\_\_\_\_ Rate: \_\_\_\_\_ APY: \_\_\_\_\_

Expected Return (18 mos): \_\_\_\_\_ Rate: \_\_\_\_\_ APY: \_\_\_\_\_

**Deposits:** Transaction/Processing Fees? \_\_\_\_\_ Yes \_\_\_\_\_ No  
If yes, explain in a separate attachment.

Electronic Deposit Capture \_\_\_\_\_ Yes \_\_\_\_\_ No  
Equipment/Software Free \_\_\_\_\_ Yes \_\_\_\_\_ No  
Evening cut-off time \_\_\_\_\_ : \_\_\_\_\_ P.M

**On-Line Banking:**

Transaction/Processing Fees? \_\_\_\_\_ Yes \_\_\_\_\_ No  
If yes, explain in a separate attachment.

Installation/Programming Fee \_\_\_\_\_ Yes \_\_\_\_\_ No  
If yes, explain in a separate attachment.  
Equipment/Software Free \_\_\_\_\_ Yes \_\_\_\_\_ No  
Multiple Security Levels \_\_\_\_\_ Yes \_\_\_\_\_ No

**Electronic Banking Services:**

Installation/Programming Fee \_\_\_\_\_ Yes \_\_\_\_\_ No  
If yes, explain in a separate attachment.  
Transaction Processing Fee \_\_\_\_\_ Yes \_\_\_\_\_ No  
If yes, explain in a separate attachment.  
Daily Cut-off time: \_\_\_\_\_ P.M.

**Other Required Services:** (Check all that are provided at no charge)

\_\_\_\_\_ Fraud Prevention  
\_\_\_\_\_ ACH Block  
\_\_\_\_\_ Electronic Debit Block  
\_\_\_\_\_ Stop payments  
\_\_\_\_\_ Re-deposit returned items  
\_\_\_\_\_ Overdraft Protection  
\_\_\_\_\_ Wire Transfers  
\_\_\_\_\_ Bounced Checks  
\_\_\_\_\_ Downloadable Check Reconciliation File

**Supplies Provided** (Check all that are provided at no charge)

\_\_\_\_\_ Deposit tickets  
\_\_\_\_\_ Coin wrappers

- ☐ Bill bands
- ☐ Coin bag seals
- ☐ Rubber deposit stamps
- ☐ Deposit bags
- ☐ Other (please itemize on separate attachment)

**Free ACH Services:** ☐ Yes ☐ No

**Night Deposit:** ☐ Yes ☐ No

**Maximum Federal Insurance:** \$ \_\_\_\_\_

**Additional Deposit Insurance Purchased at no cost:** ☐ Yes ☐ No

**Community Support  
References**